



UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)

WU-1187

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Attorneys for Brian T. Moore, Liquidating Trustee

In Re:

JAZZ PHOTO CORP.,

Debtor.

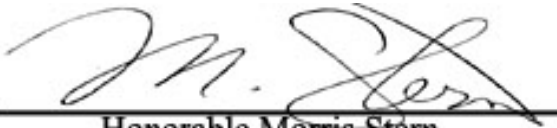
Case No. 03-26565 (MS)

Judge: Hon. Morris Stern

**STIPULATION AND ORDER: (1) FIXING CLAIMS OF
POLYTECH ENTERPRISE LIMITED, AND (2) RESOLVING REQUEST FOR
PAYMENT BY AGFAPHOTO HONG KONG LIMITED OF ADMINISTRATIVE
EXPENSE CLAIM**

The relief set forth on the following pages, numbered two (2) through seven (7), is hereby
ORDERED.

DATED: 11/4/2005



Honorable Morris Stern
United States Bankruptcy Judge

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WHEREAS, on May 20, 2003, Jazz Photo Corp. (the “Debtor”) filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code, and such matter is pending in the United States Bankruptcy Court for the District of New Jersey and captioned *In re Jazz Photo Corp.*, Case No. 03-26565;

WHEREAS, on or about August 22, 2003, Polytech Enterprise Limited (“Polytech”) filed a proof of claim asserting a general unsecured claim against the Debtor’s estate in the amount of \$1,427,240.84 (the “Polytech General Unsecured Claim”);

WHEREAS, on or about April 22, 2005, Polytech filed a proof of claim asserting an administrative expense claim against the Debtor’s estate in the amount of \$3,699,981.80 (the “Polytech Administrative Claim”);

WHEREAS, on or about April 25, 2005, AgfaPhoto Hong Kong Limited (“Agfa”) filed a Request for Payment of Administrative Claim (Docket No. 1009) requesting payment of an alleged administrative expense claim in the approximate amount of \$276,000 for film Agfa sold to Polytech for cameras manufactured for the Debtor (the “Agfa Claim”);

WHEREAS, pursuant to the Court’s May 16, 2005 Order Authorizing the Debtor to Sell Substantially all its Assets Pursuant to 11 U.S.C. §363 and Fed. R.Bankr.P. 6004 (the “Sale Order”), the Trustee (defined below) has been holding in escrow the sum of \$276,000 relating to the Agfa Claim (the “Agfa Escrow”);

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WHEREAS, on May 13, 2005, this Court entered an Order confirming the First Amended Joint Plan of Orderly Liquidation proposed by the Debtor and the Official Committee of Unsecured Creditors (the "Plan");

WHEREAS, the Plan provided for the formation of the Jazz Photo Corp. Liquidation Trust (the "Liquidation Trust") and granted to Brian T. Moore, as trustee (the "Trustee") of the Liquidation Trust, among other powers, the power to review, reconcile and settle claims against the Debtor's estate;

WHEREAS, the Plan provided for objections to claims to be filed within the first business day after 90 days after the Effective Date of the Plan;

WHEREAS, pursuant to a series of Stipulations and Orders, the deadline for the Liquidation Trust to file objections to the claims asserted by Polytech has been extended to and including October 17, 2005;

WHEREAS, the Trust and Polytech have submitted a proposed Stipulation and Order to the Court that will further extend the deadline for the Liquidation Trust to file objections to the claims asserted by Polytech to and including November 7, 2005;

WHEREAS, on August 10, 2005, the Trustee filed a motion seeking, among other relief, an Order expunging the Agfa Claim;

WHEREAS, the Trust and Agfa have agreed to adjourn without date the hearing on the Trustee's objection to the Agfa Claim pending resolution of the Polytech Administrative Claim;

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WHEREAS, in accordance with the requirements of Article III, paragraph 11(c) of the Trust Agreement that established the Liquidation Trust, the Trustee, through his counsel, has provided written notice to Fuji Photo Film Co., Ltd. ("Fuji") of the resolution set forth herein and Fuji has represented to the Trustee that it had no objection to same.

NOW THEREFORE, the undersigned stipulate and agree and this Court Orders as follows:

1. The Polytech General Unsecured Claim shall be allowed in the amount of \$1,427,240.84 and shall be treated as an Allowed Class 3 Unsecured Claim under the Plan.
2. The Polytech Administrative Claim is hereby reduced and shall be allowed in the amount of \$1,850,000. The Polytech Administrative Claim in the reduced amount set forth herein shall be treated as an Allowed Administrative Expense Claim under the Plan.
3. Polytech, Agfa, and each of their predecessors, successors, assigns, agents, subrogees, employees, affiliates and attorneys, release the Liquidation Trust, the Trustee, the Debtor and the Debtor's bankruptcy estate from any and all claims, debts, liabilities, demands, allegations, costs, expenses, actions, causes of action, claims for relief, accounts, agreements, bonds, bills, covenants, contracts, controversies, damages, dues, extents, executions, judgments, obligations, promises, predicate acts, reckonings, specialties, suits, sums of money, trespasses, setoffs and variances whatsoever, in law, admiralty or equity, whether known or unknown, or suspected or unsuspected that are now held, have been at any time held, or may at any time be

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held against them that have been, could have been, or could be asserted by reason of any acts, omissions to act, circumstances or transactions; provided, however, that Polytech and Agfa do not waive or release any rights granted herein.

4. The Trustee, on his own behalf and on behalf of the Liquidation Trust, the Debtor and the Debtor's bankruptcy estate, releases Polytech, Agfa, and each of their predecessors, successors, assigns, agents, subrogees, employees, affiliates and attorneys from any and all claims, debts, liabilities, demands, allegations, costs, expenses, actions, causes of action, claims for relief, accounts, agreements, bonds, bills, covenants, contracts, controversies, damages, dues, extents, executions, judgments, obligations, promises, predicate acts, reckonings, specialties, suits, sums of money, trespasses, setoffs and variances whatsoever, in law, admiralty or equity whether known or unknown, or suspected or unsuspected that are now held, have been at any time held, or may at any time be held against Polytech or Agfa that have been, could have been, or could be asserted by reason of any acts, omissions to act, circumstances or transactions.

5. The agreement by Polytech to reduce the Polytech Administrative Claim for the purpose of allowance against the estate is not an admission or agreement that the full amount of the Polytech Administrative Claim is not a just debt that is due and owing, but is rather in the nature of a settlement made for the purpose of obtaining a prompt resolution and prompt payment of the claim in accordance with the provisions of the Liquidation Trust Agreement, and

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shall not be admissible in any court or tribunal for as an admission of Polytech without Polytech's consent.

6. The Trustee be and hereby is directed and authorized to pay directly to Dewey Ballantine LLP ("DB"), counsel for Agfa, in accordance with payment instructions to be provided by DB, the sum of \$688,743.39 in full satisfaction of: (a) the Agfa Claim, and (b) the outstanding claim of Agfa against Polytech. The Trustee shall deduct said amount from the payment to Polytech on account of the Polytech Administrative Claim under paragraph 2 above, leaving a balance due to Polytech in connection with the Polytech Administrative Claim of \$1,161,256.70, which amount the Trustee be and is hereby authorized to pay pursuant to payment instructions to be provided by Becker Meisel LLC, counsel for Polytech.

7. Upon payment of the amounts set forth in paragraph 6 above, the Trustee shall no longer be required to maintain the Agfa Escrow and, upon the release of said funds, may treat the monies formerly maintained in the Agfa Escrow as additional Trust funds in accordance with the Liquidation Trust Agreement.

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8. The Trustee's counsel shall serve copies of this Stipulation and Order on all parties-in-interest within seven (7) days of the date hereof.

CONSENTED AND AGREED TO BY:

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By: /s/ Ben H. Becker
Ben H. Becker

By: /s/ Warren A. Usatine
Warren A. Usatine

DATED: October 31, 2005

DATED: October 31, 2005

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By: /s/ Irena Goldstein
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Dated: October 31, 2005